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EAP PRESS GUIDANCE
October 13, 1995

CHINA -- IPR AGREEMENT

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Q: What is the status of Intellectual property rights protection in China? Has piracy increased since the March agreement?

A: -- THE CHINESE ARE TAKING A SERIES OF VERY TOUGH-MINDED MEASURES TO ENFORCE THE IPR AGREEMENT. THEY HAVE RAIDED A NUMBER OF FACTORIES AND RETAIL MARKETS, AND HAVE RESOLVED A NUMBER OF HIGH-PROFILE IPR COURT CASES. THE CHINESE HAVE ALSO SEIZED AND DESTROYED OVER A MILLION PIRATED CDS, HAVE ANNOUNCED THAT THEY ARE TAKING STEPS TO PREVENT CHINESE MINISTRIES FROM USING PIRATED SOFTWARE, AND SO ON.

-- NONETHELESS, PIRACY REMAINS A SERIOUS PROBLEM IN CHINA. WE HAVE SEEN CHINESE GOVERNMENT ACTIONS AGAINST SOME PIRATES AT THE RETAIL LEVEL, BUT NO SIGNIFICANT DROP IN THE OVERALL PIRACY RATE.

-- WE HAVE NO DOUBT THAT THE CHINESE ARE FULLY CAPABLE OF ENFORCING THE IPR AGREEMENT. THE STRUCTURE THAT THE CHINESE ARE NOW PUTTING INTO PLACE WILL MAKE ENFORCEMENT SIMPLER AND MUCH MORE EFFECTIVE.

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CHINA -- BROWN CONTRACTS

Q: What is the status of trade contracts with China? Is there a problem with delays?

A: -- DURING THE VISIT OF SECRETARY BROWN TO CHINA LAST YEAR, ABOUT \$6 BILLION IN CONTRACTS, LETTERS OF INTENT AND MEMORANDA OF UNDERSTANDING WERE SIGNED. SEVERAL HUNDRED MILLION DOLLARS OF BUSINESS HAVE ALREADY FLOWED FROM SOME OF THESE CONTRACTS. OTHER OF THESE CONTRACTS INVOLVE COMMITMENTS TO PURCHASE WHICH DO NOT HAVE A SET TIME FOR COMPLETION.

-- MANY OF THE PROJECTS ARE RELATED TO THE IMPLEMENTATION OF CHINA'S FIVE YEAR PLAN, WHICH UNDERWENT SOME ADJUSTMENT AS THE CHINESE GOVERNMENT SOUGHT TO STRICTLY CONTROL INVESTMENT IN ORDER TO REIGN IN HIGH INFLATION. SOME OF THE PROJECTS, AS SECRETARY BROWN HAS NOTED, ARE CAUGHT UP IN A CUMBERSOME AND SLOW BUREAUCRACY.

-- THE BOTTOM LINE IS THAT THERE ARE MANY REASONS FOR POSSIBLE DELAYS IN WORKING THROUGH THE LARGE NUMBERS OF DECISIONS INVOLVED IN IMPLEMENTING PROJECTS OF THIS MAGNITUDE. SECRETARY BROWN WILL BE DISCUSSING THE PROGRESS OF THOSE CONTRACTS WHEN HE VISITS CHINA NEXT WEEK.

-- FOR FURTHER DETAILS, I WOULD REFER YOU TO THE DEPARTMENT OF COMMERCE.